(e) the policy enunciated by Government in regard to disinvestment in profit-making PSUs?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) and (b) Yes, Sir. The Disinvestment Commission in its 13th Report given in January 2002 has recommended for disinvestment upto 51% equity in Neyveli Lignite Corporation (NLC) in favour of a strategic partner, if there is no legal hurdle to do so. In case of a legal hurdle, at least 49% of equity should be disinvested in the first instance.

(c) to (e) The NLC is a profit earning PSU. Disinvestment in Public Sector Undertakings is done as per the declared policy of the Government to bring down the Government equity of 26% or below in all non-strategic PSUs, in the generality of the cases. In the case of strategic Public Sector Undertakings. The Government will continue to retain majority holding. This Policy is applicable to all the PSUs whether they are profit making or not. There is no separate policy exclusively for profit making PSUs.

Disinvestment Policy

†4803. SHRI JANESHWAR MISHRA: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether it is a fact that Government ignore the basic facts while carrying out disinvestment/privatisation;

(b) if so, the reasons therefor;

(c) the main issues Government consider while adopting policies for privatisation; and

(d) whether it is also a fact that instead of competing with full potential in world market we are selling out factories and income generating sources to the rich nations of the world?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) No, Sir.

(b) Does not arise.

(c) Disinvestment process is an on-going process. Each transaction has to go through an elaborate process of participative decision making i.e. detailed

†Original notice of the question was received in Hindi.

consultations with the concerned administrative Ministry and other stakeholders. Disinvestment is carried out as per the declared policy of the Government to bring down Government equity in non-strategic PSUs to 26% or lower, in the generality of the cases. However, in cases of PSUs involving strategic consideration, Government will continue to retain majority holding. Details can be seen in the Ministry's website-*www.divest.nic.in*

(d) No, Sir. One of the principle objectives of disinvestment is to strengthen the enterprises so that they can stand up to the competition that confronts them. The procedures followed for disinvestment of Government equity in PSEs are based on global experience and are carried out with the assistance of professional advisors of repute, selected through the process of competitive bidding. The shares of the PSUs are disinvested through a transparent bidding process. The procedure includes issue of advertisements locally/internationally depending on the nature of transaction, inviting expression of interest, due diligence by the bidders, a commonly agreed shareholders agreement and competitive financial bidding at the final stage.

Non-Payment of dues to suppliers of raw materials

4364. DR. ALLADI P. RAJKUMAR: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether while disinvesting Public Sector Enterprises, Government ensure that suppliers of raw materials of small scale industries are paid in full; and

(b) if so, the reasons why raw material suppliers to Hindustan Cables Ltd. have not been paid?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) and (b) The disinvestment of Public Sector Undertakings (PSUs) through strategic sale involves transfer of equity shares of the PSU held by Government to the Strategic Partner along with management control. Since the management of the PSU is handed over to the strategic Partner as a going concern, all assets and liabilities of the PSU would remain with the PSU even after disinvestment. After the disinvestment, the company would be liable to discharge the liabilities including the dues to suppliers of raw materials of small-scale industries. The same principle would be applicable for the disinvestment of Hindustan Cables Limited (HCL).